

SENATE TAXATION

EXHIBIT NO.

2

DATE

2.2.11

BILL NO.

SB 219

To: Senator Tutvedt, Chairman of Senate Taxation Committee

From: Josh J. Middleton, Laurel Superintendent

Date: January 31, 2011

Re: SB 219

Thank you for taking written testimony regarding SB 219, and thank you to Senator Branae for sponsoring this bill.

On behalf of the Laurel Board of Trustees and Laurel School District, I am in support of SB 219.

We are pleased with the relationship our district has

with the CHS refinery in Laurel. CHS is the top employer in our town and the majority of our school revenue comes in the form of taxes paid from CHS.

A strong economic base provides for a strong school system. We understand that for CHS to remain competitive, they need to make decisions that are in the interest of their company and stockholders.

That said, we certainly support the process for which CHS reviewed and protested their taxes in 2009 and 2010. However, we believe that SB 219 needs to be put in place for districts such as Laurel so access to protested taxes is available in the same year as the protest.

Thank you for your support of this bill.

To: Senator Tutvedt, Chairman, Senate Taxation Committee

From: Lockwood School

Re: Senate Bill 219

Chairman Tutvedt and members of the Senate Taxation Committee, thank you for your attention to the issue of schools and the problems related to tax protests. For several years we have faced the funding problem of not receiving all of the taxes requested to operate our schools. In Lockwood, for the most part, the amount not received has been small. However, last fall we were faced with the possibility of our largest taxpayer ExxonMobil, which contributes 44% of local taxes, protesting their tax contribution.

We certainly support the premise that every entity has the right to protest and request a change in their contribution to the community funds. ExxonMobil was considerate and held off their protest after reviewing the significant impact this would have on our current school year.

Schools are required to set a budget in August of each year. That request is then sent to the state and the county for the collection of revenue. Staff is hired, supplies are ordered, and contracts are in place. Then in November a major blow is given when the protests are filed and revenue is not accessible. In the case of a major taxpayer, it could mean laying off teachers from classrooms that are already at or above accreditation level.

Senate Bill 219 appears to help that situation by setting aside funds for schools to access and filling any deficit through the guaranteed tax base. This will assure that the school receives the funds it budgets in August to operate for the school year. A concern is the time line for the first year. If a district must waive its right before February 1, how will that work for the 2011-2012 school year? We would request an implementation date for this bill that would accommodate a critical situation that will likely occur this fall if ExxonMobil, Conoco and other large contributors protest their taxes. We will not have had time to waive the rights to that money in protest that will put us over into the new system through the state and the Guaranteed Tax Base as detailed in the bill.

Also, please give some clarification on "centrally" and "non-centrally" assessed taxes since both can cause major upheaval in the school's funding if protested. Why one and not the other?

We appreciate Senator Branae for submitting this bill and for the committee's attention to this problem facing a number of schools in Yellowstone County and most likely in other areas of the state.

Thank you for taking time to hear this testimony.